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2011-317 w/s

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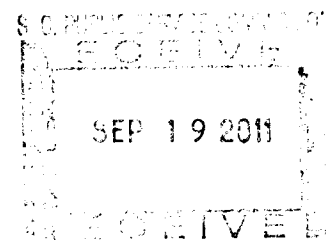
JAMIE A. KHAN

KATHLEEN FOWLER MONOC

September 14, 2011

U.S. MAIL [X] FACSIMILE [] FEDERAL EXPRESS []

Jocelyn Boyd
Chief Clerk and Administrator
South Carolina Public Service Commission
P.O. Drawer 11649
Columbia, SC 29211



Re: Kiawah Island Utility, Inc.
Our File No.: 5435-007

Dear Ms. Boyd:

Enclosed please find Proof of Publication of Notice of Filing and Hearing and Certification that notification has been furnished to each affected customer.

With kind regards, I am,

Sincerely,

PRATT-THOMAS WALKER, P.A.

G. Trenholm Walker

GTWnjdmd

c: F. David Butler, Esq.
C. Duke Scott, Executive Director (ORS)
Shannon Bowyer Hudson, Esq. (ORS)
Shealy Boland Reibold, Esq. (ORS)
Michael A. Molony, Esq. (KPOG)
Becky Dennis
John F. Guastella
Steve Heyboer
Townsend Clarkson (No enclosure)
Leonard L. Long, Jr., Esq. (No enclosure)

AFFIDAVIT
OF
PUBLICATION

The Post and Courier

State of South Carolina

County of Charleston

Personally appeared before me
the undersigned advertising Clerk of the
above indicated newspaper published
in the City of Charleston, County and
State aforesaid, who, being duly sworn,
says that the advertisement of

(copy attached)

appeared in the issues of said newspaper

on the following day(s): _____

August 25, 2011

Subscribed and sworn to

before me this 9th day

of September

A.D. 20 11

Keisha Eddings
(Advertising clerk)

Shelly Duh
NOTARY PUBLIC, SC

My Commission expires October 10, 2013

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

CLERK'S OFFICE

NOTICE OF FILING AND HEARING

DOCKET NO. 2011-317-WS

APPLICATION OF KIAWAH ISLAND UTILITY, INC. FOR ADJUSTMENT OF RATES AND CHARGES

Kiawah Island Utility, Inc. ("Kiawah" or the "Utility") filed an Application with the Public Service Commission of South Carolina ("the Commission") for approval of an adjustment of its rates for its water and wastewater services. The Application was filed pursuant to S.C. Code Ann. Section 58-5-240 and 26 S.C. Code Ann. Regs. 103-512.4 and 103-712.4.

The Application seeks approval of an adjustment of rates in two phases: Phase I (adjustment of water and sewer rates) and Phase II (adjustment of water rates only). According to the Application, the Utility is requesting a phased-in rate increase to allow it to construct a much-needed secondary potable water supply line. The Phase I request for water and sewer rate increase is based on the current plant and operations utilizing a test year ended December 31, 2010. The Phase II request for a water rate increase is based on the anticipated actual costs incurred in the construction and placement in service of the proposed secondary supply line.

Regarding the Phase I request for water and sewer rate increase, according to the Application, since the Company's last rate increase in 2001, it has made significant additional investments in utility plant and facilities, and has experienced substantial increases in operating expenses. The net investment in utility plant and facilities has increased by \$5.1 million. Regarding increased expenses since Kiawah's last rate application, the Utility states that over the last ten year period, Operating Expenses have increased over 50%; Taxes-Other than Income Taxes have increased nearly 100%; Depreciation has increased about 60%; Purchased Water has increased over 50%; Purchased Power has increased nearly 90%; and wages and benefits have increased about 37%. Additionally, the annual average increase for these capital expenditures and operating expenses ranges from 3.2% to 7.1% per year. The Application states further that while increases in revenue due to customer growth have partially offset these cost increases, the proposed Phase I rate increase, which is only about 1.2% on an average annual basis is necessary to cover the costs of operations and provide a reasonable operating margin/return.

Regarding the Phase II request for a water rate increase, the Utility has a single 16" Ductile Iron Supply Line which was installed in 1978. The Application states that with age and environmental factors, the number of breaks is increasing each year; each time a break occurs, the entire Island's water supply is cut off. The cost for the installation of the Secondary Supply Line from St. Johns Water Company totals approximately 6.5 million dollars. The Application reveals that the implementation of the Phase II proposed rates requested to be contingently approved at this time will only be placed into effect after the following events occur: construction is complete (anticipated for Spring 2012); all operational permits have been obtained; supply line has been placed in service; the Office of Regulatory Staff has audited and approved actual expenditures; thirty-day advance secondary notice sent to customers; and final approval by the Public Service Commission.

Current vs. proposed phase 1 and 2 rates (Monthly Charges)

RESIDENTIAL Water Fees	Current Base Fee	Phase 1 Base Fee	Phase 2 Base Fee
5/8" meter	25.38	31.26	35.33
3/4"	38.07	46.89	53.00
1"	63.45	78.15	88.33
1 1/2"	126.90	156.30	176.65
2"	203.04	250.08	282.65
3"	444.14	547.04	618.27
4"	1,274.65	1,569.95	1,774.40
Consumption Fees			
up to 11,000 gal. (rate per 1000 gallons)	2.60	3.20	3.62
>11,000 - 50,000 gal. (rate per 1000 gallons)	2.98	3.67	4.14
>50,000 gal. (rate per 1000 gallons)	3.21	3.95	4.46
RESIDENTIAL Sewer Fees	Current Base Fee	Phase 1 Base Fee	Phase 2 Base Fee
5/8" meter	22.66	23.88	23.88
3/4"	34.00	35.82	35.82
1"	56.66	59.70	59.70
1 1/2"	113.31	119.39	119.39
2"	181.30	191.03	191.03
3"	396.60	417.88	417.88
4"	1,226.17	1,291.85	1,291.85
Consumption fee			
All UP TO 11,000 gallons (rate per 1000 gallons)	0.59	0.63	0.63
COMMERCIAL Water Fees	Current Base Fee	Phase 1 Base Fee	Phase 2 Base Fee
5/8" meter	25.38	31.26	35.33
3/4"	38.07	46.89	53.00
1"	63.45	78.15	88.33
1 1/2"	126.90	156.30	176.65
2"	203.04	250.08	282.65
3"	444.14	547.04	618.27
4"	1,274.65	1,569.95	1,774.40
Consumption Fees			
All consumption (rate per 1000 gallons)	3.21	3.95	4.46

COMMERCIAL	Current	Phase 1	Phase 2
Water Fees	Base Fee	Base Fee	Base Fee
5/8" meter	\$2.88	\$2.88	\$2.88
3/4"	\$4.00	\$4.00	\$4.00
1"	\$6.66	\$6.70	\$6.70
1 1/2"	\$113.31	\$119.30	\$119.30
2"	\$181.30	\$191.03	\$191.03
3"	\$366.60	\$417.85	\$417.85
4"	\$1,226.17	\$1,291.95	\$1,291.95
All consumption (rate per 1000 gallons)	2.27	2.44	2.44
IRRIGATION	Current	Phase 1	Phase 2
Water Fees	Base Fee	Base Fee	Base Fee
5/8" meter	\$25.38	\$31.26	\$31.26
3/4"	\$38.07	\$46.89	\$46.89
1"	\$63.45	\$78.15	\$78.15
1 1/2"	\$126.90	\$156.30	\$156.30
2"	\$203.04	\$250.08	\$250.08
3"	\$444.14	\$547.04	\$547.04
4"	\$1,274.85	\$1,569.95	\$1,569.95
Consumption Fees			
All up to 50,000 gal. (rate per 1000 gallons)	2.98	3.67	3.67
> 50,000 gal. (rate per 1000 gallons)	3.21	3.95	3.95
HOTEL	Current Rate	Phase 1 Rate	Phase 2 Rate
Water Fees	Per room	Per room	Per room
Base Fee	\$10.20	\$12.56	\$12.56
All consumption (rate per 1000 gallons)	3.21	3.95	3.95
Sewer Fees	Current Rate	Phase 1 Rate	Phase 2 Rate
Base Fee	\$9.06	\$9.55	\$9.55
All consumption (rate per 1000 gallons)	2.27	2.44	2.44
Fire Hydrants Service	Current Rate	Phase 1 Rate	Phase 2 Rate
Per hydrant/year	\$100.00	\$123.00	\$123.00
GOLF COURSE IRRIGATION	Current Rate	Phase 1 Rate	Phase 2 Rate
Effluent - Base fee	\$3,762.97	\$3,964.85	\$3,964.85
Effluent consumption (rate per 1000 gallons)	0.17	0.18	0.18
Deep Well - Base fee	\$788.58	\$971.27	\$971.27
Well consumption (rate per 1000 gallons)	0.20	0.25	0.25
Potable - Base fee	\$603.45	\$743.25	\$743.25
Potable consumption (rate per 1000 gallons)	3.21	3.95	3.95
FIRE LINES	Current Rate	Phase 1 Rate	Phase 2 Rate
2" Line	\$6.00	\$7.40	\$7.40
3" Line	\$11.00	\$13.50	\$13.50
4" Line	\$19.00	\$23.40	\$23.40
6" Line	\$38.00	\$46.80	\$46.80

A copy of the Company's entire Application, with all of the Company's proposed rates, can be obtained from the Commission at the following address: Public Service Commission of South Carolina, Clerk's Office, P.O. Drawer 11649, Columbia, South Carolina 29211. Additionally, Klawns Island Utility, Inc.'s Application is available on the Commission's website at www.psc.sc.gov under Docket No. 2011-317-WS.

In order for testimony and evidence to be received from all interested parties, a public hearing will be held in the Commission's Hearing Room, Synergy Business Park, 101 Executive Center Dr., Columbia, South Carolina on Wednesday, November 30, 2011 at 10:30 am.

Any person who wishes to participate in this matter, as a party of record with the right of cross-examination should file a Petition to Intervene in accordance with the Commission's Rules of Practice and Procedure, on or before September 16, 2011, and indicate the amount of time required for his presentation. Please include an email address for receipt of future Commission correspondence in the Petition to Intervene. Please refer to Docket No. 2011-317-WS.

Any person who wishes to testify and present evidence at the hearing should notify the Clerk's Office, in writing, at the address below, the Office of Regulatory Staff, 1401 Main Street, Suite 900, Columbia, South Carolina, 29201, and G. Trenholm Walker, Esquire, Pratt-Thomas Walker, P.A., 16 Charlotte Street, Charleston, South Carolina 29403 on or before September 16, 2011, and indicate the amount of time required for the presentation. Please refer to Docket No. 2011-317-WS.

Any person who wishes to request a hearing in his or her county of residence, and does not want to intervene as a party of record in this matter, should notify on or before September 16, 2011, in writing, the Clerk's Office at the address below, the Office of Regulatory Staff, 1401 Main Street, Suite 900, Columbia, South Carolina, 29201, and G. Trenholm Walker, Esquire, Pratt-Thomas Walker, P.A., 16 Charlotte Street, Charleston, South Carolina 29403. Please refer to Docket No. 2011-317-WS.

Any person who wishes to be notified of any change in the hearing date, but does not wish to present testimony or be a party of record, may do so by notifying the Clerk's Office in writing at the address below on or before September 16, 2011. Please refer to Docket No. 2011-317-WS.

PLEASE TAKE NOTICE: Any person who wishes to have his or her comments considered as part of the official record of this proceeding MUST present such comments, in person, to the Commission during the hearing.

Persons seeking information about the Commission's Procedures should contact the Commission in Columbia at 803-896-5100.